

DOCKET FILE COPY ORIGINAL

ORIGINAL
RECEIVED

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

Oct 28 1997

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of:

Revisions to Tariff Review Plans to Incorporate)
Changes Pursuant to CC Docket No. 96-262)

DA 97-2207

MCI COMMENTS

MCI Telecommunications Corporation (MCI) hereby responds to the Common Carrier Bureau's Public Notice seeking comments regarding the Tariff Review Plan (TRP) revisions to incorporate changes pursuant to CC Docket No. 96-262. MCI's comments address two main areas: 1) revisions to the TRP charts; and 2) cost support requirements.

I. Proposed Revisions to the TRP

Several modifications to the CAP-1 and RTE-1 charts are required in order to conform them to the requirements of the Access Reform Order and the Second Order on Reconsideration.

No. of Copies rec'd
List ABCDE

014

A. New Universal Service Funding Mechanisms

In the Access Reform Order, the Commission determined that the price cap LECs should make PCI adjustments resulting from the new universal service mechanisms in only those baskets that generate end-user interstate revenues.¹ The Commission also concluded that, within a basket, the effects of the PCI adjustment should be focused on only those services that generate end user revenues.²

The CAP-1 chart should be modified to reflect the requirement that price cap LECs recover their universal service obligations through services purchased by end users. On the proposed CAP-1 chart, the LEC's universal service obligations are reflected in the PCI change and maximum common line revenue calculation at lines 440 and 450, but are not included as part of the end user charge adjustments at lines 500 to 600. As a result, all of the LECs' universal service obligations are included in the "PICC target revenue" figure at line 810 and are therefore recovered solely through the PICC and CCL, which are charges paid by IXC's. To conform the CAP-1 chart to the requirement that the price cap LECs recover their universal service obligations primarily through services purchased by end users, the CAP-1 chart should be revised so that the "common line revenue target per line" at line 600 reflects the LECs' universal service obligations.

¹In the Matter of Access Charge Reform, First Report and Order, CC Docket No. 96-262, released May 16, 1997, at ¶379 (Access Reform Order).

²For example, the Access Reform Order states that price cap LECs may not recover their universal service obligations from customers purchasing trunking basket services that do not generate end user revenues.

B. PICC Calculations

Pursuant to new Section 69.153(c) and (d) of the Commission's rules, the PICC is to be computed by dividing projected revenues by the projected number of local exchange lines, multiline business lines, or sum of non-primary and multiline business line. As currently constructed, however, the proposed CAP-1 chart computes the PICCs using base period demand. The proposed CAP-1 chart should be modified to compute the PICCs using projected demand, at lines 820, 870, and 920. Lines should be provided on the CAP-1 chart to display the projected demand figures.

C. Modifications Due to the Second Order on Reconsideration

When the Bureau modifies the CAP-1 chart to reflect the Second Order on Reconsideration,³ additional lines should be provided for the price cap LECs to enter Centrex-related rate and demand information. After Line 120, in the "PICC" demand column, the LECs should provide: 1) the total number of non-Centrex multiline business and PRI ISDN lines, 2) the total number of Centrex lines, 3) the number of Centrex customers with fewer than nine lines, and 4) the total number of Centrex lines subscribed to by customers with more than nine lines. Then, after Line 940, LECs should be required to display the Centrex PICC for customers with fewer than nine lines and the per-line Centrex PICC for customers with more than nine lines. This level of detail is required because of the requirement that Centrex customers with fewer than nine lines be

³In the Matter of Access Charge Reform, Second Order on Reconsideration and Memorandum Opinion and Order, CC Docket No. 96-262, released October 9, 1997.

charged a PICC different from that charged to customers with more than nine lines. Lines 940 and 970 should be modified to reflect only non-Centrex multiline business PICC revenues, and the total Centrex PICC revenue should be reported separately on a new line.

The RTE-1 chart are also needs to be modified in order to reflect the Centrex PICC rule changes. The "multiline business & PRI ISDN PICC" lines should be modified to reflect only non-Centrex multiline business lines, and additional lines should be provided on the chart to display Centrex PICC demand, rates, and revenues for customers with fewer than nine lines and for Centrex lines purchased by customers with more than nine lines.

Changes to the CAP-1 chart are also required in order to reflect the Second Order on Reconsideration's modification of the TIC exemption. The maximum facilities and residual TIC revenues should be shown separately, before Line 450, and Line 450 should be modified to show the sum of the maximum facilities and residual TIC revenues. After line 990, separate lines should show the maximum facilities and residual TIC revenues recovered through the PICC. Finally, after the computation of the per-minute TIC rates, separate lines should show the breakdown of the per-minute TIC rates into their facilities-based and non-facilities based components. This calculation is required in order to comply with the requirement that interexchange traffic that is switched at the local switch, but not transported on the incumbent LEC's local transport network, will be subject to the per-minute TIC, less the portion of the per-minute TIC attributable to

the incumbent LEC tandem-switching and tandem-switched transport costs that have not yet been reallocated to facilities-based rate elements.⁴

D. Other RTE-1 Chart Modifications

The proposed RTE-1 chart should be modified to show additional rate categories created by the Access Reform Order: 1) in the Common Line Basket section, a separate line should be provided for the new “line ports other than basic” rates; 2) in the Local Switching Trunk Ports service category, separate lines should be provided for dedicated and shared trunk ports; and 3) in the Tandem Switched Transport Category, lines should be provided for dedicated multiplexing, shared multiplexing, dedicated trunk ports, and shared trunk ports.

II. Cost Support Requirements

Because of the complexity of this rate restructure and the limited time for review, the Bureau should emphasize that complete cost support should be provided with the price cap LECs’ filings. All calculations of revenue requirements or costs used in creating a new rate element, restructuring existing rate elements, or computing SBI or PCI adjustments should be fully supported by 1) a detailed description of the methodology employed, 2) the source of any data employed, and 3) detailed investment

⁴Second Order on Reconsideration at ¶61.

and expense figures, overheads, and other costs. The Bureau should emphasize that a LEC will not be permitted to rely on cost figures derived from a "company cost study" that the LEC has not supplied as part of its filing. The Bureau should also emphasize that, as in the case of the 800 data base tariffs, the LECs will not be permitted to rely on undisclosed cost support material.⁵ All cost support should be filed on the public record.

A. Cost Support Requirements for the Local Switching Restructure

In the Access Reform Order, the Commission decided to reassign line port costs from the Traffic Sensitive basket to the Common Line basket and to reassign trunk port costs from the local switching service category to a new "Local Switching Trunk Ports" service category. The Access Reform Order states that the line port costs and trunk port costs, "including cost support, should be reflected in the access charge elements filed in the LEC's access tariff effective January 1, 1998." (emphasis added).

Accordingly, the Bureau should make clear that the LECs cannot simply state a cost figure for their line and trunk ports. Instead, the line and trunk port costs should be fully supported by, at a minimum, 1) a breakdown between TS costs, line port costs, and trunk port costs for each type of switch in the LEC's network, 2) cost studies showing how these amounts were determined, and 3) data showing the number of switches of each type in the LEC's network.

⁵In the Matter of 800 Data Base Access Tariffs and the 800 Service Management System Tariff, Order, 9 FCC Rcd 715.

B. TIC Restructure

To facilitate review, the LECs should be required to provide a summary workpaper identifying the components of the current TIC, the associated amounts, and the service category or basket in which these amounts will be recovered after January 1, 1998. The LECs should be required to provide full cost support for their derivation of the costs associated with each of the facilities-based components of the TIC, including the tandem-switching revenue requirement, SS7-related costs, DS1/DS0 end office multiplexers, shared and dedicated tandem trunk ports, and tandem multiplexers. In order to support the "TIC True-Up" exogenous cost changes, the LECs will have to show their computation of the effects of the transition to the three-part tandem switched transport rate structure, even though these changes will not take effect until July 1, 1998.

C. Demand Quantities

Several of the new rate elements that will be introduced in this filing will be assessed on demand quantities not currently reported by the price cap LECs. To ensure that the proposed rates are reasonable, the price cap LECs should be required to show any demand figures used in computing proposed rates or proposed revenue figures displayed on the RTE-1 charts, as well as the source of any demand figures. In particular, the price cap LECs should supply the number of PRI ISDN lines, BRI ISDN lines, DS1/DS0 end office multiplexers, local switch trunk ports, DS1/DS0 tandem multiplexers, tandem ports, DS3/DS1 multiplexers, tandem-switched minutes of use per circuit for each zone, and SS7 demand (if an SS7 rate structure is computed), and

identify the source of this data. The LECs should also show how the projected non-primary line demand figure used in their calculation of the non-primary line PICC was derived.

Respectfully submitted,
MCI TELECOMMUNICATIONS
CORPORATION

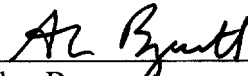
A handwritten signature in black ink, appearing to read "Alan Buzacott".

Alan Buzacott
Regulatory Analyst
1801 Pennsylvania Ave., NW
Washington, DC 20006
(202) 887-3204

October 22, 1997

STATEMENT OF VERIFICATION

I have read the foregoing, and to the best of my knowledge, information, and belief there is good ground to support it, and that it is not interposed for delay. I verify under penalty of perjury that the foregoing is true and correct. Executed on October 22, 1997.

A handwritten signature in dark ink, appearing to read "Alan Buzacott", is written over a horizontal line.

Alan Buzacott
Regulatory Analyst
1801 Pennsylvania Ave. NW
Washington, D.C. 20006
(202) 887-3204

CERTIFICATE OF SERVICE

I, Barbara Nowlin, do hereby certify that copies of the foregoing Comments were sent via first class mail, postage paid, to the following on this 22nd day of October, 1997.

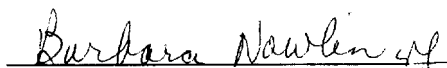
James Schlichting**
Chief, Competitive Pricing Division
Federal Communications Commission
Room 518
1919 M Street, N.W.
Washington, DC 20554

Judy Nitsche**
Federal Communications Commission
Room 518
1919 M Street, N.W.
Washington, DC 20554

John Scott**
Federal Communications Commission
Room 514
1919 M Street, N.W.
Washington, DC 20554

International Transcription Service**
2100 M Street, N.W.
Suite 140
Washington, DC 20037

**HAND DELIVERED


Barbara Nowlin